95-1638

Supreme Court, U.S.
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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

THE LIBMAN COMPANY,

Petitioner,

v.

VINING INDUSTRIES, INC.

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED FOR REVIEW

1. Did the Court of Appeals fully consider and correctly decide that the Libman Company failed to meet its burden of proof at trial?

2. Should the Petition be denied because the judgment of the Court of Appeals would be affirmed on other grounds?

RULE 29.6 STATEMENT

Vining Industries, Inc. has no non-wholly owned subsidiaries, and its parent company is O'Cedar Holdings, Inc.

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RESPONDENT'S BRIEF IN OPPOSITION

STATEMENT OF THE CASE

Despite finding that Libman failed to prove secondary meaning or purchaser confusion, the district court after a bench trial, entered judgment against Vining, ruling that Vining had infringed Libman's trademark. The district court enjoined Vining from "continuing to distribute or offer for sale its line of O'CEDAR 2000 color banded brooms and the O'CEDAR professional products Extra Wide Angle color banded brooms." (B-9)[1] The district court also

[1] For the Court's convenience, citations to the district court's opinion will be to Appendix B ("B-__") and citations to the Seventh Circuit's opinion will be to Appendix A ("A-__"), attached to the Petition. Citations to the transcript of the bench trial on December 14-16, 1994

awarded Libman almost $1.2 million as the amount of Vining's profits from the sale of its O'CEDAR brooms, including the larger version professional broom.

The Seventh Circuit's opinion correctly sets forth the facts of the case and the errors in the district court's judgment. Contrary to Libman's assertion, the Seventh Circuit did not apply a new standard for reviewing the district court's finding on likelihood of confusion; it held simply that Libman did not meet its burden of proving likelihood of confusion.

Libman claims the Seventh Circuit should have disregarded the absence of actual confusion because customer complaints showing confusion between Libman's and Vining's brooms were unlikely. However, Libman's President, Robert Libman, testified he was "surprised" that the company did not receive any customer complaints on the Libman brooms because "[p]eople *always* complain and we don't get complaints on these products." (Tr. 66-67).

Moreover, Libman claims for the first time in its Petition that Vining did not appeal the injunction as applied to Vining's professional broom. The record refutes Libman's claim. The district court's judgment enjoined the O'CEDAR professional broom and Vining appealed the district court's judgment. (*See* Notice of Appeal, Vining's Opening Brief at App. 11) Photographs and a specimen of both the O'CEDAR and the Libman professional brooms were part of the Record on Appeal. Vining referred to its

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are to "Tr.". Citations to the trial exhibits are denoted "PX" followed by a number for plaintiff Libman's exhibits and "DX" for defendant Vining's exhibits. Citations to stipulations of the parties that are part of the Final Pre-Trial Order are to "Stip." followed by a number.

O'CEDAR professional broom in its Opening Brief (Op. Br. at 5), and its Reply Brief (Rep. Br. at 8), and Libman referred to the O'CEDAR and Libman professional brooms in its appellate brief. Libman also attached photographs of them. (Libman Br. at 8; A34, A9).

Finally, in alleging to this Court that the professional brooms are confusingly similar, Libman only provided this Court with three photographs of *Vining's* brooms. (Pet. at E-3 and E-4.)[2] *Libman did not provide photographs of its own brooms for comparison.* Depicted below are the brooms *as sold* by both parties. As is readily apparent, there is *no* confusing similarity:

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[2] E-4 is a photograph of Vining's broom in its wrapper as *sold*. E-3 is a photograph of Vining's broom *without* its wrapper. E-2 is Vining's O'CEDAR 2000 broom *without* its cardboard wrapper. (Op. Br. 6-7).

Vining's Broom As Sold
(DX81, PX22)

Libman's Broom As Sold
(DX84, PX2)

Vining's Professional Broom As Sold
(PX 23)

Libman's Professional Broom As Sold
(PX 5)

REASONS FOR DENYING THE PETITION

I. THE SEVENTH CIRCUIT FULLY CONSIDERED AND CORRECTLY DECIDED THAT LIBMAN FAILED TO MEET ITS BURDEN OF PROOF AT TRIAL.

A. The Seventh Circuit Properly Held that Libman had Failed to Meet its Burden of Proof at Trial.

The Seventh Circuit simply and correctly held that plaintiff Libman failed to meet its burden of proof at trial. As the Seventh Circuit succinctly put it, "The evidence of likelihood of confusion in this case is vanishingly thin." (A-2) Indeed, as stated by the Court:

> Either consumers are confused at the point of sale, or they become confused later and this carries over to the next time they are in the market for the product. The district court rightly disparaged the first theory and failed to discuss the second. *The evidence supports neither* . . . (A-7, emphasis added)

Therefore, the Court properly held that the district judge "committed clear error in finding that consumers were likely to mistake Vining's broom for Libman's." (A-1)

Libman's secretary treasurer, William Libman, conceded at trial that the brooms at issue were not confusing:

> Q. Those brooms [the Libman 201 broom and the O'CEDAR 2000 broom] are now in the condition in which they are sold, are they not?
>
> A. Yes.

Q. *Do you find any confusion between the two?*

A. *No.*

Q. *Why not?*

A. *Because on the O'CEDAR broom you can't see what's underneath the cardboard. It's totally obscured. You can't see through cardboard.* (Tr. 176). (emphasis added)

Likewise, Libman's President, Robert Libman, also admitted that confusion was not possible:

Q. Now, let's talk a little bit about consumer confusion. . . . You don't believe that any consumers who saw these two packages [the Vining broom and the Libman broom in packaging as sold] side by side would be confused as to the source of either one of them do you?

A. I agree with that.

Q. They would know that Defendant's Exhibit 84 is manufactured by Libman and Defendant's Exhibit 83 is manufactured by O'CEDAR?

A. I believe that.

Q. And, at this point in time, you believe that both brands have significant awareness among the public, correct?

A. I agree with that. (Tr. 104-5).

Faced with admittedly dissimilar packaging and appearance, damaging trial admissions and no countervailing evidence (such as a survey, or customer testimony), and the district court's finding of no point-of-sale confusion (B-4,

5), Libman spun, at best, a "narrative of possible confusion" (A-7). Libman speculated that a Libman consumer could somehow be confused when he or she later "shopped for a replacement in a store that sold only Vining's broom."[3] (A-5). However, Libman introduced no evidence to prove this "hypothesis." (A-7)

In sum, nothing more was left than what the Seventh Circuit aptly described as "pure conjecture" (A-5) on how a consumer would mistake a Vining broom for one of Libman's. The Seventh Circuit's reversal based on failure of proof was proper and consistent with the analysis applied in other Circuits. *See e.g., Merriam-Webster, Inc. v. Random House,* 35 F.3d 65 (2d Cir. 1994), *cert. denied,* 115 S. Ct. 1252 (1995) (reversing injunction and $4 million award based on parties' prominent housemarks and logos, and lack of actual confusion or survey evidence); *Conopco, Inc. v. May Dept. Stores, Co.,* 46 F.3d 1556, 1571 (Fed. Cir. 1994), *cert. denied,* 115 S. Ct. 1724 (1995) (reversing trial court's judgment, concluding that evidence did not support finding of likelihood of confusion). Libman's petition therefore should be denied.

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[3] Even under this theory, Libman still would have had to overcome its own trial admissions that the O'CEDAR 2000 broom as sold in its opaque cardboard packaging "totally obscures" the two-toned fibers. The Libman broom consumer who finds himself or herself in a store carrying only O'CEDAR brooms still would *not* see a broom that has contrasting color fibers.

B. Consistent with the Law in Other Circuits, The Seventh Circuit did not Require Proof of Actual Confusion But Properly Considered the Absence of Actual Confusion in Its Analysis of Likely Confusion.

Libman argues that the Seventh Circuit required proof of actual confusion. However, the Seventh Circuit specifically ruled that evidence of actual confusion *is not* required in trademark infringement cases:

> To insist on evidence might seem to be to commit the error of thinking that proof of actual confusion is required in a trademark-infringement case, and of course *it is not* unless damages are sought . . . But our point is only that a finding of likely confusion can no more be based on pure conjecture or a fetching narrative alone than any other finding on an issue on which the proponent bears the burden of proof. (A-5). (emphasis added)

Nevertheless, the absence of actual confusion is entitled to some, if not substantial, weight.[4] Courts of appeals have consistently held that evidence of actual confusion, and conversely, absence of proof of actual confusion is given significant consideration in the likelihood of confusion

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[4] Libman argues that there was evidence of confusion (Pet. 19-20), but relies on the self-serving testimony of William Libman. He speculated that a consumer might be confused when viewing the O'CEDAR and the Libman professional brooms with "the sleeves pulled up" because both brooms have a "black band". However, the brooms are sold with their "sleeves" or wrappers on, and except for Mr. Libman's personal opinion, there was no evidence that *any* consumer has been or is likely to be confused.

analysis. *Oreck Corporation v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 173 (5th Cir. 1986), *cert. denied*, 481 U.S. 1069 (1987) (the "inability to point to a single incident of actual confusion", despite concurrent use of the marks in question, "is highly significant"); *Versa Prods. Co. v. Bifold Co.*, 50 F.3d 189, 205 (3d Cir.), *cert. denied*, 133 L.Ed.2d 19 (1995) ("If a defendant's product has been sold for an appreciable period of time without evidence of actual confusion, one can infer that continued marketing will not lead to consumer confusion in the future."); *See also Lever Bros. Co. v. American Bakeries Co.*, 693 F.2d 251, 257 (2d Cir. 1982) ([S]ubstantial sales of both products over several years, without a single example of actual confusion, becomes significant."); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 490-91 (1st Cir. 1981) ("Pignons' inability to bring forth more than...single, feeble and indirect example of possible consumer confusion strongly indicates" no likely confusion).

Libman mischaracterized the holding in *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203 (1942). (Pet. 10) In fact, the Court specifically did *not* review the trial court's finding of likelihood of confusion and infringement:

> [W]e brought the case here *solely* to review the provisions of the decree dealing with the *measure of profits and damages*. Whether there was such an infringement as to entitle the petitioner to the remedies provided by the federal trademark laws is

> therefore not open here. 316 U.S. 204-5. (emphasis added)[5]

See also, Champion Plug Co. v. Sanders, 331 U.S. 125, 131 (1947). Therefore, contrary to Libman's assertion, the Seventh Circuit's opinion does not conflict with this Court's precedent.

C. The Seventh Circuit Properly Considered the "Market Factors" in Determining Libman Did Not Prove Likelihood of Confusion.

Libman misstates the record in claiming that there was "little genuine dispute that the Seventh Circuit 'market factors' weighed in favor of Libman." (Pet. 5) To the contrary, the evidence showed: no actual confusion (A-2); no bad intent: as the Seventh Circuit found, "there is neither evidence nor a finding (as we read the district judge's opinion)" that Vining deliberately "was trying to confuse consumers." (A-6); "the two brooms are not packaged alike and do not have similar names," and the "appearance of the brooms in advertising was dissimilar" (A-6); "the trademark is a thin one . . ." "a commonplace design . . . taken by consumers as a form of decoration —, a way, here, of jazzing up the humblest of utilitarian products" (A-6, A-7); and "hardly [ ] distinctive" (A-6); and the two brooms, "are rarely sold by the same outlet" (A-3).

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[5] Libman also mischaracterized the Seventh Circuit's opinion in *Reed-Union Corp. v. Turtle Wax, Inc.,* 77 F.3d 909, 37 U.S.P.Q.2d 1718 (7th Cir. 1996), where the Seventh Circuit confirmed that though proof of actual confusion is not required, the plaintiff must still prove likelihood of confusion.

The district court found that: the cardboard cover masks the appearance of a Vining broom (B-4); indeed Libman could not muster any evidence of actual confusion (B-5); Libman failed to introduce a "market study" which would have been "helpful evidence to the court" (B-6); and the evidence of alleged bad faith was "not strong" (B-6). The district court also found that Libman's mark was weak in that it was "new and is still building consumer recognition." (B-7) The district court's finding of infringement was clearly erroneous since it was based only upon the fact that the products were similar (i.e. both were brooms), and that Libman had a trademark registration. The Seventh Circuit correctly reversed the district court's finding of likely confusion as clearly erroneous.[6]

D. The Seventh Circuit Applied the Proper Standard of Review Consistent with this Court's Precedent.

Contrary to Libman's assertion, the Seventh Circuit did not substitute its own fact findings or misapply the "clear error" standard in violation of *Anderson v. Bessemer City*,

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[6] Contrary to Libman's contention, the proper remedy in the face of failure of proof is reversal, not a remand to allow Libman a second chance to try the case. Under the clearly erroneous standard, the "role and duty of the Court of Appeals are clear; it must determine whether the trial court's findings are clearly erroneous, sustain them if they are not, but *set them aside if they are.*" *Dayton Board of Education v. Brinkman*, 443 U.S. 526, 99 S. Ct. 2971, 2977, n. 8 (1979) (emphasis added). Here, for "effective judicial administration" and to avoid further needless proceedings (*Levin v. Mississippi River Fuel Corporation*, 386 U.S. 162, 87 S. Ct. 927, 932 (1967)), the Seventh Circuit properly discharged its "unavoidable duty" by reversing the district court. *Brinkman, Id.; Accord, Bigelow v. Virginia*, 421 U.S. 809, 826-827, 95 S. Ct. 2222, 2234-35 (1975); *Pullman-Standard Div. of Pullman, Inc. v. Swint*, 456 U.S. 273, 102 S. Ct. 1781, 1796 (1982).

470 U.S. 564, 105 S.Ct. 1504 (1985). Libman's contention is tenuously premised upon the appellate court's passing reference to Libman's "hypothesis", "conjecture", "theory" or "fetching narrative", as being "plausible". (Pet. 12-13) The Seventh Circuit, however, stated that Libman presented only a *theory* of how consumers might be confused, but Libman did not produce evidence to support this theory. Thus, contrary to Libman's contention, the Seventh Circuit did not at all suggest that there was evidence to support even a "plausible" inference of likely confusion.

In *Anderson*, this Court stated that "[a] finding is 'clearly erroneous' when *although there is evidence to support it*, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." *Anderson*, 105 S.Ct. 1504, 1511. This Court admonished against a reviewing court substituting its own finding if "the district court's account *of the evidence* is plausible." *Id.* (emphasis added) Here, the trial court did not, and could not, make a fact finding based on non-existent evidence, in support of a "misnamed theory" that neither Libman nor the district court considered. Accordingly, the Seventh Circuit did not substitute its own fact finding for that of the trial court's.

The Seventh Circuit also properly held that the district court erred in applying the law, which in turn tainted the district court's consideration of the evidence. Thus, the Seventh Circuit was not limited to a "highly deferential" review of the district court's fact findings. Indeed, as this Court stated in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 102 S.Ct. 2182, 2189 (1982), "[o]f course, if the trial court bases its findings upon a mistaken

impression of applicable legal principles, the reviewing court is not bound by the clearly erroneous standard."[7]

The Seventh Circuit correctly held that the district court committed clear error because it found likelihood of confusion without applying the correct legal standard (i.e., it totally "failed to discuss" Libman's theory of confusion, "plausible" or otherwise (A-7)):

> It would have been nice had the district judge mentioned this theory of confusion rather than just moving without transition or explanation from the fact that the parties' brooms are not confusingly similar when seen side by side to the conclusion that one infringed the trademark of the other. (A-4, 5)

The district court's conclusion was "infected with legal error, i.e., an erroneous general principle about the way the test should be applied," and was not entitled to the

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[7] *Accord, United States v. Singer Mfg. Co.*, 374 U.S. 174, 194, n. 9, 83 S. Ct. 1773, 1783 (1963); *Pullmann-Standard Div. of Pullman, Inc. v. Swint*, 456 U.S. 273, 102 S. Ct. 1781, 1796 (1982) "[W]here findings of fact 'are made under an erroneous view of controlling legal principles, the clearly erroneous rule does not apply, and the findings may not stand." (cited in Libman's Pet. at 7); *Chevron Chem. Co. v. Voluntary Purchasing Group's, Inc.*, 659 F.2d 695, 696 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126, 102 S.Ct. 2947 (1982) ("district court applied an erroneous legal standard in finding no likelihood of confusion, thereby stripping that determination of the protection normally accorded fact findings"); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1188 (7th Cir. 1989) (district court's statement of law and "mechanical misapplication of the test, in the absence of consideration of the totality of the circumstances, constituted both an error of law and an abuse of discretion"); *Conopco, Inc. v. May Dept. Stores Co.*, 46 F.3d 1556, 1570-71 (Fed. Cir. 1994), *cert. denied*, 115 S. Ct. 1724 (1995).

deference generally given to other findings of fact. *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 438 (7th Cir. 1990); *Ives Laboratories, Inc.*, 102 S. Ct. at 2182. Consistent with this Court's ruling in *Anderson*, the Seventh Circuit was justifiably left with "the definite and firm conviction that a mistake has been committed." *Anderson*, 105 S. Ct. at 1511.

E. Libman's Alleged Due Process Claim is Devoid of Merit and was Waived.

The Seventh Circuit neither overlooked the O'CEDAR professional broom, nor "grossly misunderstood the facts" concerning the broom, as Libman contends. (Pet. 18-19) A simple viewing of this broom confirms its dissimilarity to Libman's professional broom ("the 910 broom"). (*See* photographs of the Libman 910 broom and the O'CEDAR professional broom *supra*, at p. 5). Libman's "910 broom" has been sold with either black or red fibers on a field of gray. (Stip. 23). As William Libman admitted, the O'CEDAR professional broom has fibers in yellow similar to the yellow Vining has used for the well-known O'CEDAR Angler for years. (Tr. 186) The well-known O'CEDAR mark and logo in matching yellow are prominently placed on an opaque wrapper. The most striking and dominant feature of the O'CEDAR professional broom is the bright yellow color that has long been associated with the O'CEDAR line of brooms. Like the O'CEDAR 2000 broom, the O'CEDAR professional broom is sold covered with a wrapper that covers the two-color band.[8] (Tr. 190; Stip. 57).

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[8] Libman argues that the prospective purchaser can see the "black" fibers (Pet. 19). This is not material, however, since Libman does not

Moreover, Libman once again mischaracterizes the record by claiming that "Vining's own witness had admitted" that the plastic wrapper is "commonly removed before a sale to the consumer." (Pet. 19) To the contrary, the testimony of Dan Meyer referred to by Libman concerned other manufacturers' brooms and not Vining's. (Tr. 355-358). Meyer was explaining why the O'CEDAR 2000 brooms were in sturdier, more expensive packaging unlike the packaging for other brooms in the market. (Tr. 355-358).

In any event, Libman did not argue in its petition for rehearing that the Seventh Circuit's reversal deprived it of due process. Thus, even assuming that Libman had a valid argument (which it does not), it failed to properly preserve the issue for consideration by this Court. *United States v. Spector*, 343 U.S. 169 72 S. Ct. 591, *reh. denied*, 343 U.S. 951 (1952) (Holding that question which was neither raised, briefed, nor argued, would not be considered by the Supreme Court.)[9]

The Seventh Circuit's conclusion was valid. Libman's due process argument not only is precluded by Libman's failure to preserve it, but would be baseless if preserved.

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claim rights in any particular color but over the "band" that is covered by the wrapper.

[9] Moreover, where a party raises both statutory and constitutional arguments, this Court first addresses the statutory argument in order to avoid unnecessary resolution of the constitutional issue. *Blum v. Bacon*, 457 U.S. 132, 102 S.Ct. 2355, 2359 (1982); *Califano v. Yamasaki*, 442 U.S. 682, 692-93, 99 S.Ct. 2545 (1979). Libman simply failed to prove its federal trademark infringement claim. This Court should deny Libman's petition on this ground without addressing a baseless constitutional issue that has not been preserved for review.

II. THE SEVENTH CIRCUIT'S JUDGMENT AGAINST LIBMAN WOULD BE AFFIRMED ON OTHER GROUNDS. THEREFORE, LIBMAN'S PETITION SHOULD BE DENIED.

Even if, as Libman contends, the Seventh Circuit's decision on likelihood of confusion was invalid, Libman's petition should be denied because the judgment against it would be affirmed on other grounds. "It is well accepted, however, that without filing a cross-appeal or cross-petition," Vining may rely upon "any matter appearing in the record in support of the judgment below." *Blum v. Bacon,* 457 U.S. 132, 102 S.Ct. 2355, 2359, n.5 (1982). A reviewing court may affirm a judgment on any ground supported by the record even if not relied upon by the lower court. *Id.; Brown v. St. Louis Police Department,* 691 F.2d 393, 396 (8th Cir. 1982), *cert. denied,* 461 U.S. 908, 103 S.Ct. 1882 (1983).

First, Libman's "commonplace design" was not a protectible mark. By Libman's own admission, as shown below, its use was functional and decorative, and had not acquired secondary meaning. (Tr. 17; 31-33; 70-71; B-7) Moreover, Vining's use of two-color fibers to denote different fibers of differing stiffness was a common practice in the broom industry and a fair use. (Op. Br. 30-32) Thus, the Court of Appeals' reversal of the trial court's finding of trademark infringement was proper.

The Seventh Circuit correctly concluded that Libman's claim of exclusive rights in its "commonplace design" was a "thin one" and a "hardly distinctive way of marking a product." (A-6). Indeed, in its application to register, Libman described its mark as a "simple logo of any two

contrasting colors placed side-by-side, albeit as broom fibers." (DX 36) (PX 17 at L001115).[10]

Moreover, the Seventh Circuit's conclusion is also consistent with this Court's ruling in *Qualitex Co. v. Jacobson Prods. Co.*, 115 S.Ct. 1300 (1995). In *Qualitex*, this Court ruled that color *alone* cannot be inherently distinctive: "[A] product's color is *unlike* 'fanciful,' 'arbitrary,' or 'suggestive' words or designs, which almost automatically tell a customer that they refer to a brand." *Qualitex, Id.* at 1303. (emphasis added). Instead, this Court likened color to descriptive words that are not protectible unless they have acquired secondary meaning. It held that "over time" color, "much in the way that descriptive words on a product" attain protection, might also become protectable as a trademark provided the "color has attained 'secondary meaning' and therefore identifies and distinguishes a particular brand (and thus indicates its 'source')." *Id.* at 1303. Simply adding another band of color to a broomhead, without more in the way of a design, did not obviate Libman's need to prove secondary meaning.

In *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171 (1906), this Court held that "a

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[10] In its application, Libman also conceded that its use of colored fibers is not inherently distinctive by submitting evidence of secondary meaning under 15 U.S.C. §1052(f). (PX 17). As stated in *Aromatique, Inc. v. Gold Seal*, 28 F.3d 863, 869 (8th Cir. 1994), "The submission of evidence under §2(f) to show secondary meaning amounts to a concession that the mark sought to be registered is not inherently distinctive", citing *Yamaha International Corp. v. Hoshino Gakki Co.*, 840 F. 2d 1572, 1577 (Fed. Cir. 1988); Trademark Manual of Examining Procedure, §1202.02(b)(2d ed. 1993). Therefore, Libman's use of colored fibers is not inherently distinctive as a matter of law.

trade-mark which may be infringed by a streak of *any color,* however applied, is manifestly too broad." (emphasis added) Similarly, in *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.,* 781 F.2d 604, 610 (7th Cir. 1986), the court stated:

> [S]imple geometrical shapes cannot be appropriated for use as trademarks without proof of secondary meaning. (Citations omitted) They are too common to be deemed distinctive — brand-identifying — without proof.

Libman's claim to exclusivity is unbounded by any specifications of band width, length or shape. The mark is not inherently distinctive nor had acquired secondary meaning. Therefore, it was not entitled to protection.

Libman's use of red or green fibers is also not protectible because it is either decorative as observed by the Court of Appeals, or functional. (Op. Br. 25-28) By Libman's own admission, its advertisements touted the functional features of the colored broom fibers: "Just aim the red bristles in the right direction, it picks up with a flick of the wrist." (Tr. 80; PX17; DX15) "If the marketer of a product advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of its functionality". *American Greetings Corp. v. DanDee Imports, Inc.,* 807 F.2d 1136, 1142 (3rd Cir. 1986). *See also, In re Bose Corp.,* 772 F.2d 866 (Fed. Cir. 1985) (holding the alleged mark functional because applicant's promotional materials lauded the pentagonal shape of a loudspeaker as a functional part of the sound system); *New England Butt Co. v. Intern. Trade Com'n.,* 756 F.2d 874, 878-79 (Fed. Cir. 1985).

Libman also admitted that other broom manufacturers, including Vining, have used two-color combinations on broom heads long before Libman entered the market with the 201 broom. This color-coding scheme was common in the industry. (Tr. 393-94). The use of two different shades of color was the most cost-effective way for Vining to convey the presence and functional advantages of the differing stiffness of the two sections of broom fibers to the customer. (Tr. 267-68, 306; PX26 at 000119; Op. Br. 26-27) Thus, Libman's competitors would be at a significant disadvantage because the challenged feature is "essential to the use or purpose of the article" or "affects [its] cost or quality." *Qualitex,* at 1304.

Such anticompetitive consequences are precisely the type of evil that the "color depletion theory" was intended to prevent. Libman claims exclusive rights in *all colors, all combinations* of color, and even *all shades* of any color, applied to broom fibers, regardless of the purpose of the use. In *Qualitex,* this Court confirmed that the color depletion theory remains applicable in circumstances like these:

> When a color serves as a mark, *normally alternative colors will likely be available for similar use by others. See, e.g., In re Owens-Corning,* 774 F. 2d at 1121 (pink insulation). Moreover, *if that is not so* — if a 'color depletion' or 'color scarcity' problem does arise — *the trademark doctrine of 'functionality' normally would seem available to prevent the anticompetitive consequences . . . Id.* at 1306 (emphasis added).

CONCLUSION

For the foregoing reasons, Vining prays that this Court deny Libman's Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit.

Respectfully submitted,

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In The

Supreme Court of the United States

October Term, 1995

THE LIBMAN COMPANY,

Petitioner,

v.

VINING INDUSTRIES, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Seventh Circuit

PETITIONER'S REPLY BRIEF

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RULE 29.6 STATEMENT

The only parties to this action are those listed in the caption. The Libman Company has no parent or subsidiary companies.

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Vining's response explains that the Seventh Circuit's judgment is based on its belief that trademark infringement requires proof that purchasers are likely to mistake the parties' products. Resp. 6. What the response doesn't explain is that this is another novel aspect of the standard of review used in the Seventh Circuit.

The response does not dispute that the absence of Supreme Court guidance has led to a significant division among the circuits on how findings of trademark infringement are reviewed, that the division is growing, and that the issue is one of the most important issues in the trademark law.

CERTIORARI SHOULD BE GRANTED TO EXPLAIN THE STANDARD OF REVIEW

Vining's response does not directly respond to the petition for *certiorari*'s explanation of three differences between the standard of review applied in the Seventh Circuit and the standards applied in other circuits, but its indirect response reveals a *fourth*, and even more important, difference: While all other circuits focus on the *marks* at issue, the Seventh Circuit focusses on the *products*.

Libman complained of trademark infringement, not trade dress infringement. The contrast band on the Vining brooms at issue (which the Seventh Circuit agrees was copied from the Libman products, A6) is virtually indistinguishable from the contrast band Libman has registered as its trademark. Vining claimed there was no infringement so long as purchasers would be able to distinguish the overall appearances of the parties' products in a side-by-side comparison, even though it was stipulated that purchasers rarely have the opportunity to make such a comparison. Stips. 59, 66, 67.

Page 6 of Vining's response admits that the Seventh Circuit's judgment was based on the majority's acceptance of Vining's position that the issue was whether consumers are "likely to mistake Vining's broom for Libman's." This explains the assertions that there was "no evidence" of a likelihood of confusion, even though the record includes the

same evidence that the Seventh Circuit has said can support a finding of a likelihood of confusion if the marks at issue are closely similar. *E.g. Ideal Industries, Inc. v. Gardner-Bender, Inc.*, 612 F.2d 1018, 1024-25 (7th Cir. 1979) *cert. denied*, 447 U.S. 924 (1980). Since the contrast bands are virtually identical, it is clear that Vining's and the Seventh Circuit's position is that the marks at issue are *not* the contrast bands, but the overall appearances of the parties' products.

Should the focus in a trademark infringement case be on the particular marks at issue or, instead, on the overall appearances of the parties' products?

Vining's response never explains why the focus should be on the overall appearances of the products rather than on the contrast bands themselves. In *Two Pesos, Inc. v. Taco Cabana*, 120 L.Ed.2d 615 (1992), this Court explained that the standard for trade dress protection is conceptually the same as the standard for trademark protection. The Seventh Circuit has gone a step further, taking the position that if the overall appearances of two products (i.e., their trade dresses) are dissimilar, then one cannot infer that any *individual* mark on the product is infringed; at least, not without "actual confusion" evidence or (perhaps) direct evidence that the defendant intended to confuse purchasers. A7.

This extension of *Taco Cabana* is a novel one. In other circuits, the fact that the overall appearances of the products are distinguishable is at best only a secondary consideration in assessing whether the *marks themselves* are similar. Restatement (Third) of Unfair Competition § 21, comment c (1995). The Seventh Circuit's position that a trademark owner can only stop a competitor from appropriating its mark when it has "proof" that purchasers are likely to mistake the overall appearances of the products is inconsistent with the alternative language of the Lanham Act, which provides that a use infringes if it is likely to cause purchasers to mistake the parties' products, *or* if it is simply likely to cause confusion. 15 USC § 1114(a). It is also inconsistent with one of this Court's rare likelihood of confusion cases, *Menendez v. Holt*,

128 U.S. 514 (1888). In that case, this Court affirmed a finding of a likelihood of confusion despite differences in the overall appearances of the parties' products. The Court explained that differences in the packages were "an aggravation and not a justification" of the "invasion of the trademark owner's exclusive right to the mark at issue." *Id.* at 521.

The difference between the Seventh Circuit's focus on the similarity of the overall appearances of the parties' products and the traditional focus on the similarity of marks themselves is an important one. The use of a tougher standard in the Seventh Circuit means it will be harder to enforce a trademark in the Seventh Circuit than in other circuits.

This Court previously stopped the Seventh Circuit from requiring a tougher standard for trademark owners when, in *Qualitex Co. v. Jacobson Prods.*, 131 L.Ed.2d 248 (1995), it rejected the Seventh Circuit's position that a product color can never be protected as a trademark. *See, NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990) *cert. denied*, 499 U.S. 983 (1991). While the tougher standard concerning color affected only a few cases, the requirement that trademark owners prove that the *products* at issue will be mistaken affects virtually every trademark case brought in the Seventh Circuit.

Whether it is appropriate for the Seventh Circuit to require a trademark owner to prove *product* confusion is an important issue that deserves this Court's attention.

Is "actual confusion" evidence required to prove a likelihood of confusion?

Notwithstanding the Seventh Circuit's statement that it does not require "actual confusion" evidence, its opinion has been construed as doing exactly that. App. 2, 4.

Rather than deny that the Seventh Circuit implicitly requires "actual confusion" evidence, Vining urges that such a requirement is appropriate. Resp. 1, 7, 8. Whether it may be good policy to require "actual confusion" evidence does not change the fact that the Seventh Circuit's position is substantially different than the position of other circuits.

Must an appellate court defer to the trial court's findings on evidentiary factors?

There is no dispute that, under *Pullman-Standard v. Swint*, 456 U.S. 273 (1988), an appellate court applying Fed.R.Civ.P. 52 must consider and discuss the evidentiary basis for a trial court's finding before rejecting that finding. Vining does not deny:

1) The trial court found that "instances of actual confusion" were unlikely to have arisen by the time of trial.

2) That finding was supported by substantial and uncontradicted evidence.[1]

3) The Seventh Circuit did not mention the trial court's finding or the evidence supporting it before finding that instances of "actual confusion" *should* have been expected.

4) The Seventh Circuit's finding that instances of actual confusion should have been expected was a controlling factor in its decision to reverse.

The claim at pages 9-10 of Vining's response that the Seventh Circuit was "entitled" to rely on the absence of "actual confusion" evidence is misguided. The issue is not whether the *Seventh Circuit* clearly erred in giving decisive weight to its finding that "instances of actual confusion" should have been expected, but whether the *trial court* clearly erred in reaching the opposite conclusion. *Anderson v. Bessemer City*, 470 U.S. 564, 577 (1985).

The admission, at page 8 of Vining's response, that the Seventh Circuit's analysis was "consistent" with the analysis used in *Merriam-Webster, Inc. v. Random House*, 35 F.3d 65

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[1] Vining's response notes that one witness who testified that people rarely complain about brooms said he was "surprised" by that. Resp. 2. The fact that someone is surprised by something he believes to be true is a thin basis for concluding that what he believes is really false. It is *no* basis concluding that it is *clearly* false.

(2d Cir. 1994) *cert. denied* 115 S.Ct. 1252 (1995), further undermines Vining's position. In that case, the appellate court conducted a *de novo* review. *Id.*, at 70. The Seventh Circuit specifically said it was conducting a "clear error" review. A1.

Vining's reliance on the split decision in *Conopco v. May Department Stores*, 46 F.3d 1556 (Fed. Cir. 1994) *cert. denied* 115 S.Ct 1724 (1995) is no reason to deny *certiorari*. Hard cases make bad law, and *Conopco* was a hard case. *See* S. Rosen and L. Gigliotti, *Conopco* - Kaputco for Trade Dress Plaintiffs? 85 T.M. Reporter 135, 153 (1995) (complaining of *Conopco*'s "affording mere lip service to the clearly erroneous standard of review" and encouraging "other courts, including other panels of the Federal Circuit, [to] view *Conopco* as aberrational and thus, of little precedential value.") Significant differences in the marks that were at issue in that *trade dress* case suggest that the trial court did clearly err in finding the marks at issue to be closely similar. There is no such excuse for the Seventh Circuit's judgment, however, and thus this Court should now put an end to sloppy *Conopco*-style review.

Did *Concrete Pipe* change the focus of clear-error review?

Vining does not dispute that the Seventh Circuit interprets this Court's decision in *Concrete Pipe & Prods., Inc. v. Construction Laborers Pension Trust*, 124 L.Ed.2d 539 (1993) as establishing that the focus of a clear-error review is on the depth of the appellate court's conviction that it would have decided the issue differently. Instead, it suggests this is consistent with the statement in *Anderson*, 470 U.S. at 573, that an appellate court may only reverse when it is "left with the definite and firm conviction that a mistake was made." That statement merely illustrates the parties' dispute, it does not resolve it: the Seventh Circuit places the emphasis on "definite and firm conviction;" Libman asserts the emphasis should be on whether "a mistake was made."

The difference will often be outcome-determinative. Here, the Seventh Circuit majority was "firmly convinced" that it would not have inferred the existence of a likelihood of